

# Supplementary Committee Agenda



**Epping Forest  
District Council**

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## **Cabinet Monday, 4th February 2008**

**Place:** Civic Offices, High Street, Epping  
**Room:** Council Chamber  
**Time:** 7.00 pm  
**Committee Secretary:** Gary Woodhall (Democratic Services Officer)  
Email: gwoodhall@eppingforestdc.gov.uk Tel:01992-564470

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### **8. FINANCE AND PERFORMANCE MANAGEMENT CABINET COMMITTEE - 28 JANUARY 2008 (Pages 3 - 8)**

(Chairman of the Finance and Performance Management Cabinet Committee) To consider the minutes of the meeting held on 28 January 2008 and the recommendations therein (C/111/2007-08).

### **9. CORPORATE RESTRUCTURE (Pages 9 - 18)**

(Finance, Performance Management and Corporate Support Services Portfolio Holder) To consider the additional comments received following the publication of the agenda, and attached, as part of the consultation exercise (C/109/2007-08).

### **22.a HOUSING RENTS INCREASE 2008/09 (Pages 19 - 30)**

(Finance, Performance Management and Corporate Support Services Portfolio Holder) To consider the attached report (C/108/2007-08).

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## EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

**Committee:** Finance and Performance Management Cabinet Committee **Date:** 28 January 2008

**Place:** Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.30 - 7.25 pm

**Members Present:** C Whitbread (Chairman), M Cohen, Mrs D Collins and Mrs A Grigg

**Other Councillors:** D Jacobs and J M Whitehouse

**Apologies:** Mrs M Sartin and D Stallan

**Officers Present:** P Haywood (Chief Executive), R Palmer (Director of Finance and ICT), P Maddock (Assistant Head of Finance), J Boreham (Assistant Public Relations and Information Officer), G J Woodhall (Democratic Services Officer), S G Hill (Senior Democratic Services Officer) and Z Folley (Democratic Services Assistant)

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### 39. WEBCASTING INTRODUCTION

The Chairman made a short address to remind all present that the meeting would be broadcast on the Internet, and that the Council had adopted a protocol for the webcasting of its meetings. The Cabinet Committee noted the Council's Protocol for Webcasting of Council and Other Meetings.

### 40. MINUTES

#### RESOLVED:

That the minutes of the meeting held on 10 December 2007 be taken as read and signed by the Chairman as a correct record.

### 41. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

### 42. ANY OTHER BUSINESS

It was noted that there was no other urgent business for consideration by the Cabinet Committee.

### 43. USE OF RESOURCES AUDITOR JUDGEMENTS 2007

The Finance, Performance Management and Corporate Support Services Portfolio Holder presented a report concerning the Use of Resources Auditor Judgement for

2007. The Portfolio Holder reported that local authorities were responsible for ensuring that they had proper arrangements in place to secure economy, efficiency and effectiveness in the use of public money. The Use of Resources Assessment involved the Audit Commission in assessing the Council's overall performance against five key lines of enquiry: financial reporting; financial management; financial standing; internal control; and value for money. The Council was rated for each key line of enquiry using the following scale: 4 performing strongly; 3 performing well; 2 performing adequately; and 1 performing inadequately. The report produced by the Audit Commission had identified the key findings and conclusions of the assessment, along with opportunities for improvement in the future. For 2007, the Council's score had risen to a 3, indicating that the Council had performed well in its use of resources.

The Director of Finance & ICT indicated that the report had confirmed the provisional score reported at the Cabinet Committee's previous meeting. The Leader of the Council stated that the result was pleasing for the Council and congratulated the officers involved for their efforts.

**RESOLVED:**

That the improvement in the Council's annual Use of Resources Assessment score to a 3 for 2007 be noted.

**44. NATIONAL FRAUD INITIATIVE - SUPPLY OF ELECTORAL REGISTER**

The Finance, Performance Management and Corporate Support Services Portfolio Holder presented a report regarding the supply of the Council's electoral register to the Audit Commission as part of the National Fraud Initiative. The Cabinet Committee was reminded that a full report on this matter would be considered by the Audit and Governance Committee at its meeting scheduled for 30 January 2008.

The Portfolio Holder reported that the Audit Commission had requested an electronic copy of the electoral register from each District Council, in order to crosscheck those persons claiming Council Tax or Housing Benefit and identify any possible cases of fraud. The request had been presented as pertaining to information that the Commission was entitled to under the Audit Commission Act 1998, however a number of Councils had not complied with the request, supported by the Association of Electoral Administrators and the legal opinions of numerous Monitoring Officers, due to a possible conflict with the Representation of the People Regulations 2001.

Since the last meeting of the Cabinet Committee on 10 December 2007, the Corporate Governance Group had been monitoring the situation. The Audit Commission had issued a Leading Counsel's opinion, which appeared to support their case. The Information Commissioner had issued an opinion stating that further advice was being sought from the Electoral Commissioner due to their specialist knowledge of electoral law. The Electoral Commissioner had issued an opinion stating that the Electoral Registration Officer should seek legal advice in order to determine whether Section 6 of the Audit Commission Act 1998 constituted a valid enactment under the Representation of the People Regulations 2001. Consequently, the Corporate Governance Group had concluded that the legal position had not been sufficiently clarified to enable the Council to withstand a legal challenge if the requested data was released.

The Director of Finance & ICT stated that the conflicting legal opinions regarding this issue had led to the current uncertainty, hence the recommended action for the Audit and Governance Committee was to await further developments before deciding

whether to release the Electoral Register to the Audit Commission. It was acknowledged that the Council's Use of Resources Assessment score could suffer in the future if the electoral register was not released to the Audit Commission, however the Corporate Governance Group had felt that the release of the register at the current time constituted a bigger risk. The Leader of the Council felt that the correct approach had been adopted in the current circumstances.

**RESOLVED:**

- (1) That the initial response of the Corporate Governance Group, Electoral Registration Officer and the Monitoring Officer to the National Fraud Initiative data matching exercise by the Audit Commission be noted;
- (2) That the current position be noted, following a further report considered by the Corporate Governance Group at its meeting on 16 January 2008; and
- (3) That, following the receipt of advice from both the Information Commissioner and the Electoral Commissioner, further developments be awaited before a final position be taken by the Council.

**45. COUNCIL BUDGETS 2008/09**

The Finance, Performance Management and Corporate Support Services Portfolio Holder introduced a report about the proposed Council Budgets for 2008/09, before inviting the Director of Finance & ICT to provide a summary for the benefit of the Cabinet Committee.

The Director of Finance & ICT stated that the largest Continuing Service Budget (CSB) growth items for next year were £331,000 for the end of subsidy on reinstatement grants made between 1987 and 1991 under section 541 of the Housing Act 1985, and £250,000 for the Safer, Cleaner and Greener Corporate initiative. The largest single CSB saving of £604,000 had resulted from the tendering exercise for the new waste management contract, whilst the Corporate Restructuring had also provided significant savings of £506,000. The current CSB total of £16.828million was £28,000 above the budget guideline target, however a contingency of £175,000 had been included, which could be reduced accordingly if necessary.

In respect of the District Development Fund (DDF), the Director of Finance & ICT reported that the largest items of expenditure were £288,000 for the generation of the Local Development Framework, £130,000 for the non-Housing Revenue Account (HRA) building maintenance programme, and £100,000 to complete the comfort cooling programme. The current DDF programme of £1.078million exceeded the budget guideline by £78,000, however it was felt that, as the outturn would be unlikely to exceed £1million, this excess was not felt to be significant.

The Director of Finance & ICT announced that, in relation to the budget guideline of not increasing the District Council Tax by more than the rate of increase in the Retail Prices Index, with the Retail Prices Index figure currently 4%, the proposed increase in the District Council Tax of 2.5% was within the Council's target. Additionally, with current projections indicating that the Council's reserves would be £6.1million by 2011/12, or approximately 34% of net budget requirement, the Council's target of not allowing General Fund balances to fall below 25% of net budget requirement would also be met. As previously reported, the Formula Grant settlement for the three-year

period 2008/09 to 2010/11 had resulted in small increases for the Council of 1%, 0.5% and 0.5% respectively.

The Cabinet Committee's attention was drawn to some of the significant risks and uncertainties for 2008/09. The effects of the new National Concessionary Fares Scheme would not become clear until midway through the year. A budget provision based upon the estimated costs provided by the current consultants to the countywide scheme had been included in the budget. The recent substantial increases in utility prices and the potential for higher than budgeted wage settlements were also areas of concern, along with the pending clarification of whether the Department of Communities and Local Government would provide a capitalisation direction to cover the pension deficit payments for 2007/08 and subsequent years.

The Assistant Head of Finance (Accountancy) reported upon the 2008/09 budget for the HRA. The balance of the HRA was expected to be £5.9million at 31 March 2009, a deficit of £404,000 for 2008/09 due to the £2million increase in subsidy payable to the Government. The HRA had had substantial balances for a period of time now and, despite the proposed deficit budget for 2008/09, this position was not expected to change in the short-term. The process of rent restructuring, whereby Council and Housing Association rents were converged, would continue. The Government had relaxed the original deadline of 2011/12 to 2016/17, but it was felt that it would be beneficial for the Council to continue with the current policy and aim for convergence by 2011/12. This would require an average rent increase of 6.7%, which would provide an additional £386,000 in rental income. As the majority of Council tenants received housing benefit, it was felt that they would be cushioned from the full effects of the proposed rent rise. The estimated balances for both the Housing Repairs fund and Major Repairs Reserve had also been provided.

The Director of Finance & ICT highlighted the current Capital Programme for 2007/08 to 2011/12, the report on the Council's Prudential Indicators for 2008/09 to 2010/11 and the Treasury Management Strategy for 2008/09, which were all attached to the budget. The Capital Strategy had been agreed by the Council in December 2007, and the only subsequent additional items were £25,000 to repair the tower lift at the Civic Offices, and £23,000 allocated for the Safer, Cleaner and Greener corporate initiative. Prudential Indicators were more relevant for Councils with debt, and the Council aimed to remain debt-free during 2008/09. No changes to the current Treasury Management Strategy were proposed, although the additional returns achieved by the Treasury Management team in comparison to the industry average net returns for external fund management teams were emphasised.

The final item of the budget was the Chief Financial Officer's report. The Director of Finance & ICT had concluded that the estimates were sufficiently robust for the purposes of the Council's budget for 2008/09, and that the reserves of the Council were adequate to cope with the financial risks faced by the Council in 2008/09 but that spending would need to be kept under review with savings made in the medium-term.

The Finance, Performance Management and Corporate Support Services Portfolio Holder felt that the budget as presented was a good budget that met the Cabinet's priorities for the forthcoming year with a low District Council Tax increase. The savings generated by the Corporate Restructuring had underpinned the additional expenditure on front-line services, and all the officers involved were thanked for their efforts. The Portfolio Holder stated that possibilities for capital expenditure that would generate future revenue opportunities were being explored.

In response to queries from members, the Director of Finance & ICT stated that it was extremely difficult to estimate the possible loss of investment income due to the current unfavourable market conditions. The Director of Finance & ICT stated that the Audit Commission had also highlighted the current high level of reserves, but it was felt that this should continue with the current global financial uncertainty. The Portfolio Holder thanked the Director of Finance & ICT and his team for their efforts in preparing the draft budget.

**RECOMMENDED:**

(1) That, in respect of the Council's 2008/09 General Fund Budgets for 2008/09, the following be adopted:

(a) the revised revenue estimates for 2007/08, which were anticipated to increase the General Fund balance by £116,000;

(b) an increase in the target for the 2008/09 CSB budget from £16.8million to £16.828million, including growth items;

(c) an increase in the target for the 2008/09 DDF net spend from £1million to £1.078million;

(d) an increase of 2.5% in the District Council Tax for a Band 'D' property, to raise the charge from £139.50 to £143.01;

(e) the estimated increase in General Fund balances in 2008/09 of £219,000;

(f) the four-year capital programme 2008/09 to 2011/12;

(g) the Medium Term Financial strategy 2008/09 to 2011/12; and

(h) the Council's policy on General Fund Revenue Balances to remain that they be allowed to fall no lower than 25% of the Net Budget Requirement;

(2) That, including the revised revenue estimates for 2007/08, the 2008/09 Housing Revenue Account (HRA) budget be agreed;

(3) That the application of the rent increases and decreases for 2008/09 be in accordance with the Government's rent reforms and the Council's approved rent strategy;

(4) That the increase in deficiency payments to the pension fund be capitalised in accordance with the Capitalisation Direction request made to the Department for Communities and Local Government, with the payments funded from the Pension Fund Capital Reserve via a transfer of £2.5million from the Usable Capital Receipts Account;

(5) That the Council's Prudential Indicators be agreed;

(6) That the Treasury Management Strategy for 2008/09 be agreed; and

(7) That the Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2008/09 budgets and the adequacy of the reserves be noted.

**CHAIRMAN**



## Further comments received from staff and Unison following the publication of the Cabinet report

### The following comments have been received from Unison in their capacity as formal staff side representatives:

Comment	Management response
<p>I am sure there are those who will say the staff should be grateful that the authority could potentially save over £250k on the salaries budget without the need for wholesale redundancies. However, numbers are not important if you are the one having been selected for redundancy and have to face telling your partner and children their lives are about to drastically change, but not for the better. So, from the outset, the Epping Forest Branch of Unison would wish to convey its disgust and disappointment at the idea of any forced redundancies.</p> <p>Our main concern though is not the report, but rather what lies behind the report. Why the constant need to save money? Having just saved over £250k on the first phase of the Senior Management Review. After all, let's also remind ourselves that the council sold a piece of land for £6 million this year, which despite the spending restrictions on capital receipts, still provides a nice little income.</p> <p>There are rumours that these savings may be ploughed back into providing front-line services, rather than to keep the council tax artificially low. Unison would like some cast iron assurances as to where these savings are to benefit the authority.</p> <p>Unison would also wish to raise the following concerns:</p> <ol style="list-style-type: none"> <li>1. The difference in salary levels between the Chief Executive and Service Directors is still greater than in any other Essex authority.</li> <li>2. The above impacts on the difference in salary levels between Service Directors and Assistant Service Directors. Unison is</li> </ol>	<p>The Authority's intention is to avoid compulsory redundancies wherever possible, and mechanisms have been in place for a considerable period of time to support this. These include the holding of vacant posts to avoid compulsory redundancies wherever possible, the scrutinising of vacancies as they occur, and the development of detailed ringfencing proposals for displaced staff.</p> <p>The savings from this phase of the restructuring are to be ploughed back in to supporting front line services, and proposals are currently being considered to this end.</p> <p>The Council has not refused to re-evaluate Assistant Director job descriptions and will do so in accordance with its existing job evaluation procedures. Equally, the Council recognises that other posts will require re-evaluation and where necessary this will be carried out. Grades of new posts are shown on an indicative basis only.</p>

<p>astounded by the council's refusal to re-evaluate the Assistant Service Director posts.</p> <p>3. Many of the individual service plans refer to the upgrading of posts to specified levels. The council should be aware that all upgrades, or significant changes to jobs would result in the need for re-evaluation by the council's formal JE process.</p> <p>4. There seems to be a number of inconsistencies in the operation of the council's assimilation policy, which Unison will continue to carefully monitor.</p> <p>Finally, Unison wishes to express its concerns over the workload fall-out from the deletion of so many posts. The recommendations of both phase 1 and 2 of the Senior Management Reviews reduces the size of the establishment, despite increased workloads and higher public demand for better, faster services. This gives rise to the obvious question, who is going to pick up this extra work? Again, this is something that Unison will be carefully monitoring.</p>	<p>The Council is unaware of any inconsistencies in the operation of its assimilation policy, but is happy to discuss any concerns of Unison.</p> <p>As noted above, there will be re-investment of savings in supporting front line services. Directors will keep workloads under review as the new structure 'beds down'.</p>
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**Further comments received from staff in Corporate Support Services**

<p><b>Comments received from staff in Building Services, Environment and Street Scene Directorate</b></p>	<p><b>Management response</b></p>
<p><b>Establishment of Building Services Staff to transfer to Facilities Management</b></p> <p>The report refers to 3 FTE posts that will transfer to Facilities Management including a part time administrator. When we met with you on 11 January you recognised that there was a confusion as to whether the part time administrator (EEG/13(P/T)) would be transferring to Facilities Management or remaining in Environment and Street</p>	<p>Discussion has now taken place on this matter and post EEG/13 (P/T) will transfer to the Corporate Services Directorate.</p>

Scene Directorate where there is a post entitled "Technical Assistant (P/T)" shown as reporting to the Drainage Manager. Our understanding is that you will be discussing separately with the Director of Environment and Street Scene (DESS) how best to take forward resolving this confusion. If you and the DESS believe that the existing postholder could inform your discussion, please feel free to invite him to contribute.

Even discounting the 18 hours per week worked by EEG/13(P/T) there remains in the current workforce 2FTE posts plus the 26 hours per week worked by the Engineering Maintenance Assistant (EEG/12). There is certainly no case for reducing the 26 hours worked by this officer – on the contrary there is a demonstrated and justifiable need for this officer to work as a FTE and indeed this would be the current postholder's preference.

In addition we are aware that there is a need for supporting technical administration to the Building Maintenance limb of Facilities Management. As there is no scope for reducing the part-time technical administrative support required by Building Services then consideration should be given to 1 FTE technical admin support for the Group. This could be made up of two part time positions. This would go some way to re-instating a resource which Building Services has lost over recent years. We see such support at the "sharp end" preferable to the creation of a Facilities Manager.

Careful consideration has been given to where resources should be allocated, and this proposal is not a priority at present.

<p><b>Reporting line of EEG/09</b></p> <p>The Establishment Chart for Facilities Management shows post EEG/09 reporting to EEG/08 but this has not happened for many years because of the different disciplines and EEG/09 has historically reported directly to EEG/01, albeit working alongside EEG/08 in complementary roles on many projects and it is felt that this should be reflected in the new structure.</p>	<p>In terms of reporting lines, the Director of Corporate Support Services is happy to reflect what is going on in practice in this instance.</p>
<p><b>Vision for new Facilities Management Unit</b></p> <p>When we met with you on 11 January, you made a sound case for the introduction of a Facilities Manager and the creation of a Facilities Management Unit. As we understand it the Facilities Manager will relieve the Mechanical and Electrical Engineers from much of the day-to-day minutiae which takes up so much of their time (e.g. justifying priorities, explaining delays/reprogramming, ensuring adherence to day-to-day protocols such as report formatting) and thereby allowing them to give more time to their respective disciplines. We believe that the report would benefit if a sentence or two to this effect were to be included.</p>	<p>These comments arrived too late to be included in the published Cabinet papers, but the Director of Corporate Support Services is pleased that the proposals are supported by staff.</p>
<p><b>Quality Assurance</b></p> <p>When we met with you on 11 January you intimated that, as far as you were aware, the QA processes and procedures of the type to which we currently work will be continued when we are part of Facilities Management and that the other limb of Facilities Management, namely</p>	<p>Yes, this is correct.</p>

<p>Building Maintenance, would also work under a QA regime. Have we understood this correctly?</p>	
<p><b>Sign-off of Engineering Drawings</b></p> <p>We pointed out when we met with you on 11 January that it has been the accepted practice in Building Services (as required under QA) for our final drawings in relation to new or replacement engineering schemes to be signed-off by a Chartered Engineer. Sign off in the past has either been by Colin Crudgington or Qasim Durrani. You responded that for the future you envisaged that Qasim Durrani would remain available to us for this purpose even though he will be working in another Directorate. Again, have we understood this correctly?</p>	<p>Yes, provided this is a genuine requirement, there is no difficulty in an appropriate, qualified person continuing in that capacity.</p>
<p><b>Equipment to transfer with Building Services</b></p> <p>We would need to transfer with us all the equipment that we currently use including that which is associated with building management (five computerised systems on LAN networks.) There is a significant cost associated with the relocation of this equipment and over the next few weeks we intend to begin scheduling and costing this exercise with a view to advising Mike Tipping.</p> <p>We also take this opportunity to advise you that most of the desks and benches currently in use are very old indeed (some coming from the Council Chamber at Old Station Road, Loughton.) This equipment is overdue for renewal.</p>	<p>Noted. If new equipment is required it will be provided.</p>

**Further comments received from staff in Environmental Services and Street Scene Directorate**

<p><b>Sue Stranders – Principal Team Leader (Environmental Protection) – additional detailed observations</b></p>	<p><b>Management response</b></p>
<p>• I accept that some street scene issues need to be more effectively allocated and addressed. I recognise the potential benefit of moving Private Sector Housing to the Housing Directorate given the need to significantly raise its profile. However, given my role as the Environmental Team Leader, running a team of 23 for over 5 years, I find myself questioning the need to completely diseminate the Environmental Protection Team – which has worked very effectively, on a holistic basis, for many years. I appreciate that Members wish to see a greater emphasis on Street Scene but I am currently unsure as to what evidence is available that warrants the changes that have been proposed. I could better understand the proposals if this was an inner London, urban or high-risk area but I have yet to be convinced that such a significant shift is currently required. I believe that with the transfer of Private Sector Housing to the Housing Directorate that with a few additional officers (as proposed in any event) and perhaps a ‘man with a van’ (potentially for just a few months of the year or on an ad hoc basis) in the remaining Environmental Protection Team that the Council could deliver a more effective Environment and Street Scene service. This has the benefit of keeping all the necessary professional skills and expertise together. It will give the current, quite highly skilled officers, the opportunity of a more interesting mix and varied job and should ensure the long-term retention of good staff. It will allow the Council to monitor the demand for, and the type of, street scene services required which in the longer term will maximise the efficacy of service deliver and potentially be more efficient in terms of costs. We may need to look at delivering such services on a shift basis, it has been</p>	<p>I do not agree that what Mrs Stranders is proposing as an alternative would meet the expectation of the members or the public in regards to the management of the local environment. Her emphasis is towards maintaining as much of the status quo as possible when it is clear that the way in which services are delivered has to change. Mrs Stranders is correct in identifying the fact that we need to keep resources under consideration, something which will be carefully monitored as the initiative is developed in the future. I also do not accept the premise that Environmental Protection Services will be adversely affected by the proposals. The key service delivery groupings remain within the same Directorate and under the overall management of the same Assistant Director. The key, as always, will lie with the professional officers undertaking their respective roles but ensuring that their colleagues are aware of what is happening and that all appropriate professional skills are brought bear on the management of any particular issue or issues.</p>

documented that Fixed Penalty Notices are only effective when the debtors are chased for payment – we need to ensure we have the resources in place to do this if such action is to be effective. Of course I am extremely disappointed that my post is being deleted and this may be seen as a reason that my judgement is ‘clouded’. Although several ring-fenced posts are available to me I consider that none of these posts reflect the job that I joined EFDC to do. However, I genuinely feel that perhaps we need to initially monitor the demand for street scene services and integrate and build them into the existing Environmental Protection work. In addition, I am currently of the opinion that by shifting the emphasis, too early, to an unknown street scene demand a less integrated Environmental Protection Service will result.

I wish to make the following comments with regard to the allocation of work currently being carried out by the Environmental Protection team. Under the restructure proposals the work of the Environmental Protection Team is being completely disseminated as follows:

- Private Sector Housing moving to the Housing Directorate (12 officers and 1 contracted surveyor)
- Drainage, Contaminated Land and Water Quality (3 officers) into the Technical Team
- Air Quality (1 Officer) and the Pest Control ‘Contract’ into the Public Health Team
- The existing Technical Team (5 Officers) into the Neighbourhood Team

I am unsure as to whether the contracted Pest Control Officer will move to the Public Health Team or stay working, as the current position, with the Neighbourhood Team.

Unfortunately this is the result of restructures. Not everyone will be completely satisfied with the outcome, either for their teams or for themselves personally. I am of the view that the ringfenced posts available for Mrs Stranders are all suitable for her professional qualifications and skills.

Overall workloads and allocations were carefully considered by me and, where services were transferring in or out, by me and my Director colleagues, in establishing the new Directorate structures. I am satisfied that sufficient resources have been provided overall to meet known workload demand. At this stage in the process there are bound to be some service areas where final resource allocations or decisions on exactly where work is to be undertaken have yet to be finalised. Some of these will become clearer as posts are filled and others will await the structures become operational.

<ul style="list-style-type: none"> <li>• Comments with regard to the allocation of work</li> </ul> <ol style="list-style-type: none"> <li>1. Planning Applications - over 65% of a Technical Officers time and 10% of my time is spent on planning application consultations and associated appeals. This type of work may best not sit within the remit of the new Neighbourhood Team. Unless the Neighbourhood Team continues with this work or there is some spare capacity in the proposed Public Health Team, I consider that additional resources will be required in the Public Health Team. The work could be split into proactive and appeals (Public Health) and reactive, monitoring and enforcement (Neighbourhood Teams). Even if work is split, currently a much greater emphasis exists on the proactive side of the work and the resource issue allocated with this work is not currently clear.</li> <li>2. Pest Control follow up – the work associated with running the actual Pest Control Contract is minimal. Greater emphasis of the work is associated with the follow up visits and actions when problems and infestations are found within premises. This currently accounts for approximately 60% of a Technical Officers time and 7% of mine. It could be argued that the work could sit in either the Public Health or the Neighbourhoods Team. If the former then, as above, I do not think the available resources will be sufficient. If the latter, then I am of the opinion that a more effective service will be delivered if the contracted Pest Control Officer remains within the existing team.</li> <li>3. Licensing Act consultations and enforcement – approximately 40% of a Technical Officers time is spent on Licensing Act consultations. Virtually no enforcement is currently taking place. The consultation and enforcement work in relation to public nuisance is best placed with the new Neighbourhoods Team and the Licensing Section (moving to Corporate Support Services) the administrative offences.</li> </ol>	
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4. Land Charge Searches - currently account for approximately 15% of an officer's time. Key officers across the existing team complete the searches. Some thought would be needed as to how these will now be processed. Discussions should be held with Legal Services to ensure the split in duties currently covered by the team does not impact on response times.

5. Miscellaneous - In addition to the above workload related issues what team will be responsible for:

- environmental enquires
- collection of air quality monitoring tubes
- pollution incidences
- the more obscure Public Health work (filthy and verminous/exhumations/dead bodies etc)
- more complex public health cases

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as mentioned beforehand if this work is to be allocated to the Public Health Team then I believe that more resources may be required in this team.

6. Public Health Team - given that the Licensing Section is to be transferred to Corporate Support Services I have some doubts as to the balance of work currently allocated to the Public Health Team.

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## **Report to the Cabinet**

**Report reference: C/108/2007-08.**

**Date of meeting: 4 February 2008.**



**Epping Forest  
District Council**

**Portfolios: Finance, Performance Management and Corporate Support Services.  
Housing.**

**Subject: Housing Rent Increase 2008/09.**

**Officer contacts for further information: Peter Maddock (01992-564602).**

**Democratic Services Officer: Gary Woodhall (01992-564470).**

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### **Recommendation:**

**That Cabinet recommend to Council that the average increase in housing rents for 2008/09 be 6.69%, in accordance with the Council's approved Rent Strategy.**

### **Introduction:**

1. The figures included for housing rents in the budget report to the 28 January meeting of the Finance & Performance Management Cabinet Committee were based on the anticipated outcome from a consultation exercise being undertaken by the Department for Communities and Local Government (DCLG). As part of this consultation the DCLG suggested that the process of rent restructuring would be extended from a 2011/12 end point to a 2016/17 end point. This consultation has now been concluded and as part of the notifications of housing subsidy for 2008/09 the Council was informed, on 15 January, that the option would remain to keep the end point of 2011/12.

### **Report:**

2. In 2001/02, central Government began a regime of rent restructuring, with the aim of equalizing rent levels for tenants of Council houses and of registered social landlords (RSL's). The original deadline for rent level equality, or rent convergence, was 2011/12, and rent rises were tightly controlled by a set formula that moved rents in equal steps towards convergence. The increases or decreases were further limited to RPI plus 0.5 % plus £2.00, effectively removing any choice on the amount of rent rise.

3. In 2006 the Government re-set the factors on which rent levels were originally based, and backvalued this change to take effect from the start of the restructuring process. This had the effect of intensifying the rent rises for the remaining five years of the scheme, and the Government attempted to soften the effect by setting a maximum 5% average rent rise and by paying an allowance to local authorities (the Rental Constraint Allowance, or RCA) to compensate them for the revenue lost by this cap.

4. The RCA was paid in 2006/07 (£199,000) and 2007/08 (£603,000). However, the final determination for the 2008/09 subsidy settlement has abolished this allowance completely. The 2008/09 subsidy determination was delayed to allow for consultation on how to continue with the restructuring process; however, although the consultation paper offered two clear options the final determination does not state which option has been chosen. The two options were:

- (i) to aim to converge rents by 2011/12, accepting the steeper rent rise, or

(ii) To delay the target date for convergence to 2016/17, with the warning that the expenditure elements of the subsidy settlement would be adversely affected in compensation.

5. The only mention of this choice is in the accompanying letter, which states that the subsidy settlement for 2008/09 has based its rent calculations on convergence in 2016/17, but it warns that this is “solely for the purpose of calculating guideline rents for 2008/09” i.e. for a single year, and relating only to housing subsidy determination, not rent-setting matters. This leaves local authorities with the choice of setting their own rent level rises for the first time in six years.

6. Following discussions with a housing finance expert, of Accra Consulting Ltd who is engaged to produce the financial aspects of the HRA Business Plan, the view of Council officers is that it would be beneficial to continue with the current rent setting policy; to aim for rent convergence in 2011/12. This requires an average rent rise of 6.69%, as opposed to an average rise of 5.82% to allow convergence in 2016/17. The effects of raising rents by 6.69% would be to increase the weekly average rent by £4.56 from £68.09 to £72.65. This compares to £72.05 based on a 5.82% increase. The additional increase as a result is therefore 60p per week.

7. In recommending adherence to the current Rent Strategy the following factors have been considered:

(a) to allow for rent convergence on most properties by 2011/12, should this be the stated requirement of the DCLG in next year’s subsidy settlement. around 800 properties would require further rises to bring their rents into line beyond this date;

(b) to provide approximately £386,000 in additional rental income, over the current estimate of £24.043m, the current estimate was based on an average rise of 5%, as no firm information was available at the time; and

(c) as roughly 55 to 60% of Council tenants receive housing benefit, they will be cushioned from the effects of the rent rise.

8. If the Council were to raise rents by 5.82%, aiming for convergence in 2016/17:

(i) it would be more difficult to achieve convergence if next year’s subsidy settlement gives a firm decision to return to a 2011/12 deadline, it has been estimated that around 1,100 properties would need more time to achieve convergence if this were to happen; and

(ii) the Council would receive approximately £187,000 in additional rental income, over the estimate of £24.043m originally stated to Finance and Scrutiny Panel (based on a 5% rise).

**Statement in Support of Recommended Action:**

9. The proposed rent increase is in line with the Council's existing Rent Strategy and achieves the long-term goal of rent restructuring more promptly.

**Other Options for Action:**

10. The Council could delay convergence until 2016/17, although for the reasons set out above this is not recommended.

**Consultation Undertaken:**

11. Accra Consulting Ltd.

**Resource Implications:**

**Budget Provision:** If the recommended course of action is followed rental income for 2008/09 will be £386,000 higher than previously estimated. This will allow additional Revenue Contributions to Capital Outlay to reduce the use of the Major Repairs Reserve in 2007/08. Revised HRA summaries are attached as annexes 1 a, b and c.

**Personnel:** N/A.

**Land:** N/A.

**Council Plan/BVPP reference:** Various.

**Relevant statutory powers:** Various.

**Background papers:** Housing Subsidy determination 2008/09.

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** N/A.

**Key Decision reference:** Key Decision – Council Budgets 2008/09.

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**HOUSING PORTFOLIO  
HOUSING REVENUE ACCOUNT SUMMARY**

<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
<b>Actual £000's</b>	<b>Original Estimate £000's</b>	<b>Revised Estimate £000's</b>
3,780	4,070	4,154
3,118	3,421	3,392
355	335	353
5,500	5,700	5,700
<b>12,753</b>	<b>13,526</b>	<b>13,599</b>
7,766	7,667	8,527
48	46	53
8,229	8,868	8,842
103	75	106
<b>28,899</b>	<b>30,182</b>	<b>31,127</b>
<b>EXPENDITURE</b>		
	4,313	4,313
	3,367	3,367
	369	369
	6,000	6,000
	<b>14,049</b>	<b>14,049</b>
<b>MANAGEMENT &amp; MAINTENANCE</b>		
	8,654	8,654
	49	49
	10,842	10,842
	110	110
	<b>33,704</b>	<b>33,704</b>
<b>INCOME</b>		
22,039	23,467	23,390
	24,430	24,430

2,388	2,476	2,525	Non Dwellings Rent	2,501
1,753	1,526	1,499	Charges for Services & Facilities	1,512
272	293	291	Contribution from General Fund	323
<b>26,452</b>	<b>27,762</b>	<b>27,705</b>		<b>28,766</b>
<b>2,447</b>	<b>2,420</b>	<b>3,422</b>	<b>NET COST OF SERVICES</b>	<b>4,938</b>



**HOUSING PORTFOLIO  
HOUSING REVENUE ACCOUNT SUMMARY**

2006/07	2007/08	2008/09
Actual £000's	Original Estimate £000's	Revised Estimate £000's
2,447	2,420	3,422
		NET COST OF SERVICES
(1,735)	(1,740)	(2,164)
		Interest on Receipts and Balances
(3,239)	(3,077)	(3,939)
		Depreciation
266	299	195
		Pensions Interest Payable/Return on Assets
<u>(2,261)</u>	<u>(2,098)</u>	<u>(2,486)</u>
		<b>NET OPERATING INCOME</b>
		APPROPRIATIONS
2,388	1,985	2,142
		Capital Exp. Charged to Revenue
(204)	(269)	(239)
		FRS 17 Adjustment
44	15	15
		Transfer to Capital Reserves
<u>2,228</u>	<u>1,731</u>	<u>1,918</u>
<u>(33)</u>	<u>(367)</u>	<u>(568)</u>
		<b>(SURPLUS)/DEFICIT FOR YEAR</b>
		Original Estimate £000's
		4,938
		(2,020)
		(4,051)
		195
		<u>(938)</u>
		1,135
		(194)
		15
		<u>956</u>
		<u>18</u>

5,599	5,632	5,632	BALANCE BROUGHT FORWARD	6,200
(33)	(367)	(568)	(SURPLUS)/DEFICIT FOR YEAR	18
<b>5,632</b>	<b>5,999</b>	<b>6,200</b>	<b>BALANCE CARRIED FORWARD</b>	<b>6,182</b>







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